

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



News Flash –

On January 30, 2013, CMS announced the single payment amounts for the Round 2 and national mail-order competitions of the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program. For additional information, see the [Press Release](#), a related [Fact Sheet](#), and other information on the [CMS website](#).

MLN Matters® Number: MM8194

Related Change Request (CR) #: CR 8194

Related CR Release Date: April 19, 2013

Effective Date: January 1, 1992

Related CR Transmittal #: R460PI and R2687CP

Implementation Date: July 19, 2013

Clarify the Definition of Customized Durable Medical Equipment (DME) Items

Provider Types Affected

This MLN Matters® Article is intended for providers and suppliers submitting claims to Medicare contractors (Regional Home Health Intermediary (RHHI) or Durable Medical Equipment Medicare Administrative Contractors (DME MACs)) for customized DME items for Medicare beneficiaries.

What You Need to Know

This article is based on Change Request (CR) 8194 and clarifies instructions regarding the definition of certain customized items.

Background

The Centers for Medicare & Medicaid Services (CMS) is clarifying the definition of certain customized items in the revised Section 30.3 of Chapter 20 of the "Medicare Claims Processing Manual." According to CMS, customized items are rarely necessary and are rarely furnished.

In accordance with 42 CFR Section 414.224, in order to be considered a customized item, a covered item (including a wheelchair) must be uniquely constructed or substantially modified for a specific

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beneficiary according to the description and orders of a physician and be so different from another item used for the same purpose that the two items cannot be grouped together for pricing purposes.

For example, a wheelchair that is custom fabricated or substantially modified so that it can meet the needs of wheelchair-confined, conjoined twins facing each other is unique and cannot be grouped with any other wheelchair used for the same purpose. It is a one-of-a-kind item fabricated to meet specific needs. Items that are measured, assembled, fitted, or adapted in consideration of a patient's body size, weight, disability, period of need, or intended use (i.e., custom fitted items) or have been assembled by a supplier or ordered from a manufacturer who makes available customized features, modification, or components for wheelchairs that are intended for an individual patient's use in accordance with instructions from the patient's physician do not meet the definition of customized items. These items are not uniquely constructed or substantially modified and can be grouped with other items for pricing purposes.

Key Points

The following Key Points are outlined in Chapter 20, Section 30.3 of the Medicare Claims Processing Manual:

- The item must be uniquely constructed using raw materials or there must be a necessary, substantial modification to the base equipment (e.g., wheelchair frame) for the item to be considered a customized item;
- The use of customized options or accessories or custom fitting of certain parts does not result in a wheelchair or other equipment being considered as customized; and
- The definition of customized DME set forth in regulations at 42 CFR Section 414.224 is based on the longstanding definition of customized DME used in making decisions regarding when to make individual payment determinations outside the normal process for calculating customary and prevailing charges under the reasonable charge payment methodology used for DME prior to 1989. You may review that definition by reading Section 30.3 in Chapter 20 of the "Medicare Claims Processing Manual" attached to CR8194 at the web address listed in the Additional Information section of this article.
- An item must meet both parts of the definition in order to be considered a customized item. Items that are uniquely constructed or substantially modified for a specific beneficiary must, more importantly, also be so different from another item used for the same purpose that the two items cannot be grouped together for pricing purposes. If an item can be priced, even if it is custom-made, made-to-measure, specially sized, etc., it is not a customized item. For example, a certain line of products may be furnished based on individual measurements or conditions of the patient, but the product line and customization process is known and the items can be grouped together for pricing purposes.

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Additional Information

The official instruction, CR8194, was issued to your RHHI or DME MAC regarding this change via two transmittals. The first updates the "Medicare Claims Processing Manual" and it is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R2687CP.pdf> on the CMS website. The second updates the "Medicare Program Integrity Manual" and that transmittal is at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R460PI.pdf> on the CMS website.

If you have any questions, please contact your RHHI or DME MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

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